

1 [Grant Agreement - Mercy Housing California - Sunnydale HOPE SF Community Building -  
2 1500 Sunnydale Avenue - Not to Exceed \$11,000,000]

3 **Resolution approving and authorizing the Director of the Mayor’s Office of Housing**  
4 **and Community Development to execute a Grant Agreement with Mercy Housing**  
5 **California, a nonprofit California public benefit corporation for a total grant amount**  
6 **not to exceed \$11,000,000 for a term of 55 years effective upon execution of the**  
7 **Grant Agreement, to finance the construction of an approximately 28,000 square foot**  
8 **community center, consisting of an 8,000 square foot childcare center; a 12,000**  
9 **square foot space for the San Francisco Boys and Girls Club, and an 8,000 square**  
10 **foot neighborhood space that will include community rooms and outdoor space,**  
11 **which will be known as Sunnydale HOPE SF Community Building; and adopting**  
12 **findings that the grant agreement is consistent with the adopted Mitigation**  
13 **Monitoring and Reporting Program under the California Environmental Quality Act,**  
14 **the General Plan, and the eight priority policies of Planning Code, Section 101.1.**

15  
16 WHEREAS, HOPE SF is the nation’s first large-scale public housing transformation  
17 collaborative aimed at disrupting intergenerational poverty, reducing social isolation, and  
18 creating vibrant mixed-income communities without mass displacement of current residents;  
19 and

20 WHEREAS, HOPE SF, the City’s signature anti-poverty and equity initiative, is  
21 committed to breaking intergenerational patterns related to the insidious impacts of trauma  
22 and poverty, and to creating economic and social opportunities for current public housing  
23 residents through deep investments in education, economic mobility, health and safety; and

1           WHEREAS, The Housing Authority of the City and County of San Francisco (“SFHA”)  
2 owns and operates 775 units of public housing on the approximately 50-acre site, known as  
3 Sunnydale-Velasco; and

4           WHEREAS, In 2007, SFHA issued a Request for Proposals (“RFP”), seeking  
5 submittals from qualified respondents to develop the Sunnydale HOPE SF Master Plan; and

6           WHEREAS, Mercy Housing California a California nonprofit public benefit corporation  
7 (“Mercy”), in collaboration with the Related Company, a California corporation (“Related”),  
8 jointly responded to the RFP and were selected to be the developer for the Sunnydale HOPE  
9 SF Master Plan; and

10           WHEREAS, Mercy and Related established a separate entity named Sunnydale  
11 Development Co., LLC (the “Master Developer”) under which to plan and develop the  
12 Sunnydale HOPE SF Master Plan; and

13           WHEREAS, The Sunnydale HOPE SF Master Plan consists of (i) a maximum of 1,770  
14 units, of which 775 are replacement units for existing Sunnydale-Velasco households,  
15 approximately 200 are additional affordable housing units, and up to 730 units will be for  
16 market rate homeownership or rental, (ii) all new streets and utility infrastructure, (iii) 3.6 acres  
17 of new open spaces, and (iv) approximately 60,000 square feet of new neighborhood serving  
18 spaces; and

19           WHEREAS, By Ordinance No. 18-17, the Board of Supervisors approved a  
20 Development Agreement with the Master Developer relating to the Sunnydale HOPE SF  
21 Master Plan Site (the "Development Agreement") under Administrative Code Chapter 56,  
22 which Ordinance is on file with the Clerk of the Board of Supervisors in File No. 161164 and is  
23 incorporated herein by reference; and

24           WHEREAS, By Ordinance No. 20-17, the Board of Supervisors made findings under  
25 the California Environmental Quality Act (Public Resources Code, Sections 21000 et seq.)

1 and findings of consistency with the General Plan, and the eight priority policies of Planning  
2 Code, Section 101.1, which Ordinance is on file with the Clerk of the Board of Supervisors in  
3 File No. 161309 and is incorporated herein by reference; and

4 WHEREAS, A subsidiary of the Master Developer will lease the property located at  
5 1500 Sunnydale Avenue, San Francisco (“Premises”), from SFHA under a long term ground  
6 lease; and

7 WHEREAS, The City, acting through the Mayor’s Office of Housing and Community  
8 Development (“MOHCD”), administers a variety of community development programs,  
9 including grants to community based organizations for the construction and improvement of  
10 community serving spaces such as public spaces and community buildings, in San Francisco;  
11 and

12 WHEREAS, MOHCD enters into grant agreements with community based  
13 organizations; administers grant agreements; reviews monitoring reports; monitors  
14 compliance with City requirements; and if necessary, takes appropriate action to enforce  
15 compliance; and

16 WHEREAS, The Master Developer desires to commence construction of an  
17 approximately 28,000 square foot community center on the Premises, which will be known as  
18 the “Sunnydale HOPE SF Community Building,” consisting of an 8,000 square foot childcare  
19 center, a 12,000 square foot space for the San Francisco Boys and Girls Club, and an 8,000  
20 square foot neighborhood space that will include community rooms and outdoor space  
21 (collectively, the “Project”); and

22 WHEREAS, To leverage equity from an allocation of new markets tax credits and a  
23 capital fundraising campaign in order for the Sunnydale HOPE SF Community Building  
24 Developer to construct the Project, MOHCD desires to provide a grant in the amount not to  
25 exceed \$11,000,000 for a term of 55 years effective upon execution of the Grant Agreement,

1 to the Mercy Housing California pursuant to a Grant Agreement (“Agreement”) in substantially  
2 the form on file with the Clerk of the Board in File No. 221075, and in such final form as  
3 approved by the Director of MOHCD and the City Attorney; and

4 WHEREAS, The Premises will be restricted to public benefit uses for no less than 55  
5 years under a recorded Declaration of Restrictions in substantially the form on file with the  
6 Clerk of the Board in File No. 221075, and in such final form as approved by the Director of  
7 MOHCD and the City Attorney; now, therefore, be it

8 RESOLVED, That the Board of Supervisors hereby adopts the findings contained in  
9 Ordinance 20-17 regarding the California Environmental Quality Act for the Project, and  
10 hereby incorporates such findings by reference as though fully set forth in this Resolution;  
11 and, be it

12 FURTHER RESOLVED, That the Board of Supervisors hereby finds that the Project is  
13 consistent with the General Plan, and with the eight priority policies of Planning Code,  
14 Section 101.1 for the same reasons as set forth in Ordinance 20-17, and hereby incorporates  
15 such findings by reference as though fully set forth in this Resolution; and, be it

16 FURTHER RESOLVED, That the Board of Supervisors hereby approves the  
17 Agreement and authorizes the Director of MOHCD or his or her designee to enter into any  
18 amendments or modifications to the Agreement (including, without limitation, preparation and  
19 attachment, or changes to, any of all of the exhibits and ancillary agreements) and any other  
20 documents or instruments necessary in connection therewith that the Director determines, in  
21 consultation with the City Attorney, are in the best interest of the City, do not materially  
22 increase the obligations or liabilities for the City or materially diminish the benefits of the City,  
23 are necessary or advisable to effectuate the purposes and intent of this Resolution and are in  
24 compliance with all applicable laws, including the City Charter; and, be it

1           FURTHER RESOLVED, That the Board of Supervisors hereby authorizes and  
2 delegates to the Director of MOHCD and/or the Director of Property, and their designees, the  
3 authority to undertake any actions necessary to protect the City's interest in the Property as a  
4 community space and enforce such restrictions, which may include, without limitation,  
5 acquisition of the Property upon foreclosure and sale at a trustee sale, acceptance of a deed  
6 in lieu of foreclosure, or curing the default under a senior loan; and, be it

7           FURTHER RESOLVED, That all actions authorized and directed by this Resolution and  
8 heretofore taken are hereby ratified, approved, and confirmed by this Board of Supervisors;  
9 and, be it

10           FURTHER RESOLVED, That within thirty (30) days of the Agreement being fully  
11 executed by all parties, MOHCD shall provide the final Agreement to the Clerk of the Board  
12 for inclusion into the official file.

1 Recommended

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3 /s/ \_\_\_\_\_

4 Eric D. Shaw, Director

5 Mayor's Office of Housing and Community Development

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